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Office of Legislative Liaison
Routing Slip

TO:	ACTION	INFO
1. D/OLL		✓
3. DD/OLL		✓
3. Admin Officer		
4. Liaison		✓
5. Legislation	✓	
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SUSPENSE		<i>30 Jan 84</i> Date

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Remarks	

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 24, 1984

W. J. Miller
SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer-
Department of State
Agency for International Development
National Security Council
Department of Defense
Department of the Treasury
U.S. Arms Control and Disarmament Agency
Department of Justice
Department of Commerce
Department of Agriculture
Department of Energy
Central Intelligence Agency

SUBJECT: State/AID draft proposal, the "International Security
and Development Cooperation Act of 1984."

(This proposal is needed to support the 1985 Budget.
Accordingly, your timely response would be
appreciated.)

The Office of Management and Budget requests the views of your
agency on the above subject before advising on its relationship to
the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than
NOON, MONDAY, JANUARY 30, 1984.

Questions should be referred to Tracey Lawler (395-4710)
the legislative analyst in this office or to John Eisenhower
(395-3920).

Ronald K. Peterson
RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures
cc: Roger Greene
Mike Usnick

SPECIAL

Dear Mr. Speaker:

I herewith transmit, on behalf of the President, a bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act, to authorize security and development assistance programs for the fiscal years 1984, 1985 and 1986, and for other purposes.

This bill will authorize \$___ billion in appropriations world-wide for international security and development assistance programs except for the Central American countries-- e.g., Costa Rica, Belize, El Salvador, Guatemala, Honduras and Panama. A request for authorization of appropriations for these countries will be transmitted to the Congress separately.

The foreign assistance programs authorized by this bill are essential instruments of U.S. foreign and defense policy. They will also help developing countries achieve equitable

The Honorable

Thomas P. O'Neill, Jr.

Speaker,

House of Representatives.

economic growth and deal with problems of hunger, disease and poverty. The security and development assistance programs are mutually supportive. Security assistance helps countries to defend themselves against external threats and cope with the economic, social and political weaknesses that can cause instability. Development assistance, by meeting basic human needs, promoting the development of essential economic and political institutions, and productive, self-sustaining private sectors, contributes to improving the quality of life in those countries.

The proposed International Security and Development Cooperation Act of 1984 includes proposed amendments to the Foreign Assistance Act of 1961 (FAA), the Arms Export Control Act (AECA) and the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), and the Internal Revenue Code of 1954 (IRC). Titles I through VI authorize appropriations for international security and development assistance and related programs for fiscal year 1985 and make certain changes in the authorities governing these programs. Title VII authorizes additional appropriations for fiscal year 1984 and makes minor changes in applicable authorities for that year.

Title I contains amendments to the AECA to modify authorities applicable to the Foreign Military Sales (FMS) direct credit program. The President's fiscal year 1985 budget proposes to shift the entire FMS financing program on-budget and proposes that credits for selected countries be provided at a concessional rate of interest. Although both aspects of this proposal can be implemented under current authorities, the proposed amendments would adjust these authorities to reflect more clearly and accurately the changed nature of the FMS direct credit program and to allow the program to be managed more efficiently.

Titles III and IV contain amendments to the Foreign Assistance Act of 1961 to authorize appropriations for Development Assistance programs. Title IV contains an initiative of paramount importance for our assistance programs in Africa. The Economic Policy Initiative for Africa authorizes economic assistance to countries that are willing to undertake the growth-oriented policy reforms that the Administration believes are necessary if economic development is to occur. A multi-year authorization of appropriations is requested to reflect our commitment to those countries willing

to make the hard economic choices that such policy reforms entail.

The foreign assistance programs authorized by this bill are essential to promote and maintain United States' interest in key regions of the world by helping our allies and friends to develop economically, to establish and maintain internal stability, and to deter and defend against regional external threats. These programs are a highly cost-effective means to achieve United States objectives, and to complement our own military posture in preserving peace and stability. I urge prompt enactment of the bill.

The Office of Management and Budget advises that enactment of this legislation would be in accord with the program of the President.

Sincerely yours,

George P. Shultz

A BILL

assistance Act of 1961, the Agricultural
assistance Act of 1954, and the Arms
authorize development and security
fiscal years 1984 and 1985; and for

the Senate and the House of
United States of America in Congress

SHORT TITLE

may be cited as the "International
Cooperation Act of 1984".

ARMY SALES AND RELATED PROGRAMS

ARMY SALES CREDITS AUTHORIZATION

AND AGGREGATE CEILINGS

on 31(a) of the Arms Export Control Act
out "\$800,000,000 for the fiscal year
for the fiscal year 1983" and inserting
,000,000 for the fiscal year 1985".

(b)(1) of such Act is amended by
000 for the fiscal year 1982 and
scal year 1983" and inserting in lieu
for fiscal year 1985".

(b)(3) of such Act is amended to read as

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"(3) Of the aggregate total of credits (or participations in credits) extended under section 23 of this Act, not less than \$1,400,000,000 for the fiscal year 1985 shall be available only for Israel, and Israel shall be released from its contractual liability to repay the United States Government with respect to such credits (and participations in credits)."

(d) Section 31(b)(5) of such Act is amended to read as follows:

"(5) The principal amount of financing provided under section 23 at or above the current average interest rate for United States Government obligations of similar maturity, or under section 24(a), with respect to Greece, Korea, the Philippines, Portugal, Somalia, Sudan and Turkey, shall (if and to the extent each country so desires) be repaid in not more than twenty years, following a grace period of ten years on repayment of principal."

(e) Section 31(b)(6) of such Act is amended --

(1) by striking out "\$465,000,000 for the fiscal year 1984" and inserting in lieu thereof "\$1,175,000,000 for the fiscal year 1985"; and

(2) by striking out the last sentence.

(f) Sections 31(b)(7) and 31(c) of such Act are repealed.

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CHARGES FOR TRAINING AND SERVICES

SEC. 102. (a) Section 21(a)(3) of the Arms Export Control Act is amended by --

(1) by inserting "(A)" immediately after the word "except";

(2) by striking out "sold to a purchaser who is concurrently receiving assistance under chapter 5 of part II of the Foreign Assistance Act of 1961,"; and

(3) by striking out the period and inserting in lieu thereof ", and (B) that in the case of services other than training sold under a letter of offer issued to a purchaser who has received during each of the three fiscal years immediately preceding the fiscal year in which the letter of offer is issued either military assistance under chapter 2 of part II of the Foreign Assistance Act of 1961 or nonrepayable sales credits under section 23 of this Act, only those additional costs that are incurred by the United States Government in furnishing such services other than training (and excluding salaries of members of the Armed Forces of the United States.)".

(b) Section 21(g) of such Act is repealed.

ADMINISTRATIVE SURCHARGE

SEC. 103. Paragraph (1)(A) of section 21(e) of the Arms Export Control Act is amended by inserting "(excluding a pro rata share of fixed base operation costs)" immediately after "full estimated costs".

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CATALOG DATA AND SERVICES

SEC. 104. Section 21(h) of the Arms Export Control Act is amended--

- (a) by inserting "(1)" immediately after "(h)";
- (b) by striking out "(1) in connection with" and inserting in lieu thereof "(A) in connection with";
- (c) by striking out "(2) in connection with" and inserting in lieu thereof "(B) in connection with"; and
- (d) by adding at the end thereof the following:

"(2) In carrying out the objectives of this section, the President is authorized to provide (without charge) cataloging data and cataloging services to the North Atlantic Treaty Organization or to any member government thereof, if such Organization or member government provides such data and services in accordance with an agreement on a reciprocal basis, without charge, to the United States Government."

SALES CREDITS

SEC. 105. Section 23 of the Arms Export Control Act is amended to read as follows:

"Section 23. Sales Credits. -- The President is authorized to finance procurement of defense articles, defense services and design and construction services by friendly foreign countries and international organizations, on such terms and conditions as he may determine. The President shall charge interest at a rate he shall determine and

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shall require repayment in United States dollars within a period not to exceed twelve years after the loan agreement is signed on behalf of the United States Government, unless a longer period is specifically authorized by statute for such country or international organization."

REPORTING REQUIREMENT

SEC. 106. (a) Section 25(a) of the Arms Export Control Act is amended in the text above paragraph (1) by inserting "or, in the case of paragraph (4), no later than April 1 of each year" immediately after "each year".

(b) Section 25 of this Act is amended by striking out subsection (a)(4) and inserting in lieu thereof the following:

"(4) an estimate of the sale and delivery of weapons and weapons-related defense equipment by all major arms suppliers to all major recipient countries in the developing world during the preceding calendar year;".

GUARANTY RESERVE FUND

SEC. 107. (a) Chapter 3 of the Arms Export Control Act is amended by adding the following new section immediately after section 31:

"Section 31A. There are authorized to be appropriated to the President for the fiscal year 1985 \$274,000,000 to maintain adequate reserves in the Guaranty Reserve Fund against defaults and rescheduling of outstanding loans guaranteed pursuant to the provisions of section 24(a) of this Act."

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(b) Section 24 of such Act is amended by striking out the second sentence of subsection (c) and inserting in lieu thereof "Funds made available pursuant to section 31A of this Act shall be credited to such reserve, shall be merged with the funds in such reserve, and shall be available for any purpose for which funds in such reserve are available."

(c) Section 31(a) of such Act is amended by striking out "this Act" in the first sentence and inserting in lieu thereof "the provisions of section 23 of this Act".

INCREASE IN CRIMINAL PENALTIES FOR CERTAIN
VIOLATIONS OF THE ARMS EXPORT CONTROL ACT

SEC. 108. (a) Section 38(c) of the Arms Export Control Act is amended by striking out "not more than \$100,000 or imprisoned not more than two years, or both" and inserting in lieu thereof "for each violation not more than \$1,000,000 or imprisoned not more than ten years, or both".

(b) Section 38(e) of such Act is amended by adding at the end thereof the following: "Notwithstanding Section 11(c) of the Export Administration Act of 1979, as amended, the civil penalty for each violation involving controls imposed on the export of defense articles and defense services under this section may not exceed \$500,000."

(c) The amendments made by this section apply with respect to violations occurring after the effective date of this section.

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OFFICIAL RECEPTION AND REPRESENTATION EXPENSES

SEC. 109. Section 43 of the Arms Export Control Act is amended --

(a) in subsection (b) by inserting "and official reception and representation expenses" immediately after "administrative expenses"; and

(b) by adding at the end thereof the following new subsection:

"(c) Not more than \$72,500 of the funds derived from charges for administrative services pursuant to section 21(e)(1)(A) of this Act may be used each fiscal year for official reception and representation expenses.".

MILITARY ASSISTANCE

SEC. 110. Section 504(a)(1) of the Foreign Assistance Act of 1961 is amended by striking out "not to exceed \$238,500,000 for the fiscal year 1982 and not to exceed \$238,500,000 for the fiscal year 1983" and inserting in lieu thereof "not to exceed \$702,500,000 for the fiscal year 1985".

WAIVER OF NET PROCEEDS OF SALE OF MAP ITEMS

SEC. 111. Section 505(f) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

"In the case of defense articles delivered more than five years prior to the President's determination, the President may waive the requirement that such net proceeds be paid to the United States Government if he determines that to do so

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is in the national interest of the United States."

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

SEC. 112. Section 514(b)(2) of the Foreign Assistance Act of 1961 is amended by striking out "\$130,000,000 for the fiscal year 1982 and \$125,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$248,000,000 for the fiscal year 1985".

SECURITY ASSISTANCE ORGANIZATIONS

SEC. 113. Section 515(c)(1) of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1982 and the fiscal year 1983" and inserting in lieu thereof "Pakistan, Tunisia, Yemen, Lebanon, Sudan, El Salvador, Honduras, Venezuela".

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC 114. Section 542 of the Foreign Assistance Act of 1961 is amended by striking out "\$42,000,000 for the fiscal year 1982 and \$42,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$57,010,000 for the fiscal year 1985".

EXCHANGE TRAINING

SEC. 115. Chapter 5 of Part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

Sec. 544. Exchange Training. -- In carrying out this chapter, the President is authorized to provide for attendance of foreign military personnel at professional military

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education institutions in the United States (other than Service academies) without charge, and without charge to funds available to carry out this chapter (notwithstanding section 632(d) of this Act), if such attendance is pursuant to an agreement providing for the exchange of students on a one-for-one, reciprocal basis each fiscal year between those United States professional military education institutions and comparable institutions of eligible foreign countries and international organizations."

TRAINING IN MARITIME SKILLS

SEC. 116. (a) Chapter 5 of part II of the Foreign Assistance Act of 1961 is further amended by inserting the following new section:

"Sec. 545. Training in Maritime Skills. The President is encouraged to allocate a portion of the funds made available to carry out this chapter each fiscal year for use in providing education and training in maritime search and rescue, operation and maintenance of aids to navigation, port security, at-sea law enforcement, international maritime law, and general maritime skills."; and

(b) Section 660(b) of the Foreign Assistance Act of 1961 is amended --

(1) by striking out "or" at the end of clause (1);

(2) by striking out the period at the end of clause

(2) and inserting ";or"; and

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(3) by adding the following new clause:

"(3) with respect to assistance or training in maritime law enforcement."

AUTHORIZATION FOR PEACEKEEPING OPERATIONS

SEC. 117. Section 552(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$19,000,000 for the fiscal year 1982 and \$19,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$49,000,000 for the fiscal year 1985".

PEACEKEEPING OPERATIONS EMERGENCIES

SEC. 118. (a) Section 552 of the Foreign Assistance Act of 1961 is amended --

(1) by inserting in subsection (c) the number "(1)" immediately after "the President may";

(2) by inserting in subsection (c) immediately before the period at the end of the subsection "; and (2) in the event the President also determines that such unforeseen emergency requires the immediate provision of assistance under this chapter, direct the drawdown of commodities and services from the inventory and resources of any agency of the United States Government of an aggregate value not to exceed \$25,000,000 in any fiscal year"; and

(3) by inserting at the end thereof the following subsection:

"(d) There are authorized to be appropriated to the

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President such sums as may be necessary to reimburse the applicable appropriation, fund, or account for commodities and services provided under subsection (c) (2) of this section."

(b) Section 652 of such Act is amended by inserting ", 552(c) (2) ," immediately after "under section 506(a)".

TITLE II - ECONOMIC SUPPORT FUND

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) Section 531(b) (1) of the Foreign Assistance Act of 1961 is amended by striking out "\$2,623,500,000 for the fiscal year 1982 and \$2,723,500,000 for the fiscal year 1983" and inserting in lieu thereof "\$2,797,500,000 for the fiscal year 1985".

(b) Section 535 of such Act is amended --

1) by striking out "1982" and inserting in lieu thereof "1985"; and

2) by striking out "and up to \$75,000,000 for the fiscal year 1983".

TITLE III - DEVELOPMENT ASSISTANCE

DEVELOPMENT ASSISTANCE POLICY

SEC. 301. Section 102(b) of the Foreign Assistance Act of 1961 is amended by adding the following new paragraphs:

"(13) United States encouragement of policy reforms is necessary if developing countries are to achieve economic growth with equity.

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"(14) Development assistance should promote private sector activity in open and competitive markets in developing countries as a cost effective way to achieve long term economic growth.

"(15) United States cooperation in development should recognize as essential the need of developing countries to have access to appropriate technology in order to improve food and water, health and housing, education and employment, agriculture and industry.

"(16) United States assistance should focus on establishing and upgrading the institutional capacities of developing countries in order to promote long term development. An important component of institution building involves training not only to build physical infrastructure but to expand social infrastructure."

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

SEC. 302. Section 103(a)(2) of the Foreign Assistance Act of 1961 is amended by striking out "\$700,000,000 for the fiscal year 1982 and \$700,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$_____ for the fiscal year 1985".

POPULATION AND HEALTH

SEC. 303. Section 104(g) of the Foreign Assistance Act of 1961 is amended by striking out paragraphs (1) and (2) of the first sentence and inserting in lieu thereof the following:

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"(1) \$ _____ for the fiscal year 1985 to carry out subsection (b) of this section; and

"(2) \$ _____ for the fiscal year 1985 to carry out subsection (c) of this section.".

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

SEC. 304. Section 105(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$103,600,000 for the fiscal year 1982 and \$103,600,000 for the fiscal year 1983" and inserting in lieu thereof "\$ _____ for the fiscal year 1985".

ENERGY, PRIVATE VOLUNTARY ORGANIZATIONS, AND

SELECTED DEVELOPMENT ACTIVITIES

SEC. 305. Section 106(e)(1) of the Foreign Assistance Act of 1961 is amended by striking out "\$147,200,000 for the fiscal year 1982 and \$147,200,000 for the fiscal year 1983" and inserting in lieu thereof "\$ _____ for the fiscal year 1985".

PRIVATE SECTOR REVOLVING FUND

SEC. 306. Section 108(b) of the Foreign Assistance Act of 1961 is amended by striking out "in fiscal year 1984, up to \$20,000,000" and inserting in lieu thereof "for each of fiscal years 1984 and 1985, up to \$20,000,000 per year".

TRANSFER OF FUNDS

Sec. 307. The first sentence of section 109 of the Foreign Assistance Act of 1961 is amended to read as follows:

"Whenever the President determines it to be necessary for the purposes of this chapter or for section 661 of this Act, not to

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exceed 15 per centum of the funds made available for any provision of this chapter or for section 661 may be transferred to, and consolidated with, the funds made available for any other provision of this chapter or for section 661, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 25 per centum of the amount of funds made available for such provision."

SAHEL DEVELOPMENT PROGRAM

SEC. 308. The third sentence of section 121(c) of the Foreign Assistance Act of 1961 is amended by striking out "\$86,558,000 for the fiscal year 1982 and \$86,558,000 for the fiscal year 1983" and inserting in lieu thereof "\$_____ for the fiscal year 1985".

PRIVATE AND VOLUNTARY ORGANIZATIONS AND

COOPERATIVES IN OVERSEAS DEVELOPMENT

SEC. 309. Section 123(e) of the Foreign Assistance Act of 1961 is amended--

(1) in the first sentence by inserting "on which it is determined" immediately after "prior to the date".

(2) in the third sentence by striking out "such date" wherever it occurs and inserting in lieu thereof "a decision is made to continue such support".

HOUSING GUARANTY PROGRAM

SEC. 310. (a) Section 221 of the Foreign Assistance Act of 1961 is amended--

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(1) in the first sentence, by striking out "requirements are" and inserting in lieu thereof ", including essential urban development services, is"; and

(2) in the rest of the section, by striking out "housing" wherever it occurs (other than in the section title) and inserting in lieu thereof "shelter".

(b) Section 222(a) of such Act is amended--

(1) in the second sentence, by striking out "\$1,718,000,000" and inserting in lieu thereof "\$2,018,000,000";

(2) by adding the following new sentence immediately after the second sentence: "Commitments to guarantee loans are authorized for any fiscal year only to such extent or in such amounts as provided in appropriation acts."; and

(3) in the third sentence, by striking out "1984" and inserting in lieu thereof "1986".

AGRICULTURAL AND PRODUCTIVE CREDIT AND SELF HELP

COMMUNITY DEVELOPMENT PROGRAMS

SEC. 311. (a) Section 222A(c) of the Foreign Assistance Act of 1961 is amended by adding the following new sentence at the end thereof: "Commitments to guarantee loans are authorized for any fiscal year only to such extent or in such amounts as are provided in appropriations acts.".

(b) Section 222A(h) of such Act is amended by striking out "1983" and inserting "1985" in lieu thereof.

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DISADVANTAGED CHILDREN IN ASIA

SEC. 312. Section 241(b) of the Foreign Assistance Act of 1961 is amended by striking out "\$2,000,000" and inserting in lieu thereof "\$3,000,000".

TITLE IV - ECONOMIC POLICY INITIATIVE FOR AFRICA

ECONOMIC POLICY INITIATIVE FOR AFRICA

SEC. 401. Part I of the Foreign Assistance Act of 1961 is amended by adding the following new chapter:

"Chapter 4 - Economic Policy Initiative for Africa

"Sec. 401. Policy and General Authority.-The Congress finds that the problems of inadequate growth rates in food production and agricultural exports, and widespread poverty, hunger, illiteracy and disease in sub-Saharan African countries threaten the region's economic stability. In recognition that sustained economic growth and development of sub-Saharan African countries continues to be important to the economic and security interests of the United States, and that the economic policy framework of such countries is critical to maintain financial stability and to accelerate growth, the President is authorized to furnish assistance, on such terms and conditions as he may determine, in order to promote growth-oriented policy reforms in sub-Saharan Africa. Assistance provided under this chapter shall be used to assist countries that are pursuing or have shown a willingness to pursue policy reform in such key sectors as food and agriculture, education, health and family planning, as well as to strengthen institutional and skilled manpower capacities to implement such reforms.

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"Sec. 402. Authorization-There is authorized to be appropriated to the President to carry out this chapter, in addition to funds otherwise available for such purposes, \$500,000,000, provided that not more than \$75,000,000 is authorized to be appropriated under this section for the fiscal year 1985. Amounts appropriated under this section are authorized to remain available until expended."

TITLE V - MISCELLANEOUS PROVISIONS

AMERICAN SCHOOLS AND HOSPITALS ABROAD

SEC. 501. Section 214(c) of the Foreign Assistance Act of 1961 is amended by striking out "\$20,000,000 for the fiscal year 1982 and "\$20,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$_____ for the fiscal year 1985".

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 502. Section 302(a)(1) is amended by striking out "\$218,600,000 for the fiscal year 1982 and \$218,600,000 for the fiscal year 1983" and inserting in lieu thereof "\$_____ for the fiscal year 1985".

INTERNATIONAL NARCOTICS CONTROL

SEC. 503. Section 482(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$37,700,000 for the fiscal year 1982 and \$37,700,000 for the fiscal year 1983" and inserting in lieu thereof "\$_____ for the fiscal year 1985".

NARCOTICS REPORTING REQUIREMENT

SEC. 504. Section 481(b) is amended to read as follows:

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"(b) Not later than forty-five days after the date on which each calendar quarter of each year ends, the President shall transmit to the Speaker of the House of Representatives, and to the Committee on Foreign Relations of the Senate, a report summarizing the activities undertaken pursuant to this chapter, including new agreements signed during the preceding quarter, and the programming and obligation, on a calendar quarter basis, of funds under this chapter prior to such date."

INTERNATIONAL DISASTER ASSISTANCE

SEC. 505. Section 492(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$27,000,000 for the fiscal year 1982 and \$27,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$_____ for the fiscal year 1985".

ANTI-TERRORISM ASSISTANCE PROGRAM

SEC. 506. Section 575 of the Foreign Assistance Act of 1961 is amended by striking out "\$5,000,000 for the fiscal year 1984" and inserting in lieu thereof "\$5,000,000 for the fiscal year 1985".

COMPLETION OF PLANS AND COST ESTIMATES

SEC. 507. (a) Section 611(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$100,000" and inserting in lieu thereof "\$500,000".

(b) Section 611(b) of such Act is amended by striking out the phrase "the procedures set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973, with respect to such computations" and inserting in lieu thereof

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"the principles, standards and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.) or acts amendatory or supplementary thereto".

PROHIBITIONS AGAINST ASSISTANCE TO THE PEOPLE'S

REPUBLIC OF CHINA

SEC. 508. Section 620(f) of the Foreign Assistance Act of 1961 is amended--

(a) by striking out the period at the end of the first sentence of the subsection and adding at the end of that sentence "listed in this subsection.";

(b) by striking out in the third sentence of that subsection the phrase ", but is not limited to,"; and

(c) by striking from the list of countries set forth in that subsection the words "People's Republic of China." and "Tibet.".

PROHIBITIONS AGAINST FURNISHING ASSISTANCE

SEC. 509. Section 620(r) of the Foreign Assistance Act of 1961 is amended by inserting ", unless the President determines that including the requirement to pay such interest in a debt relief agreement with the loan recipient would not be in the interest of the United States" immediately after "such loan".

STREAMLINING OF REPROGRAMMING REQUIREMENTS

SEC. 510. (a) Section 634A of the Foreign Assistance Act of 1961 is amended --

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(1) by inserting "(a)" immediately before "None";

(2) by inserting "or the Arms Export Control Act" immediately after "disaster relief and rehabilitation)" and immediately after "this Act" the second place it appears;

(3) by inserting ", provided that such notification shall be required for funds appropriated to carry out the purposes of chapter 1 of part I only if the obligation will be in excess of the amount justified by more than 10 per cent" immediately after "such obligation"; and

(4) by adding at the end of the section the following new subsection:

"(b) The notification requirement of this section does not apply to the reprogramming of less than \$25,000 for use under chapter 8 of part I or for use under chapter 5 of part II, for a country for which a program under that chapter for that fiscal year was justified to the Congress."

(b) Section 653 of the Foreign Assistance Act is amended --

(1) by inserting in subsection (a) "or the Arms Export Control Act" immediately after "sections 451 or 637)";

(2) by striking out subsection (b); and

(3) by redesignating subsection (c) as subsection (b).

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(c) Section 36(a)(5) of the Arms Export Control Act is amended by striking out the word "cash" and the phrase ", credits to be extended under section 23, and guarantee agreements to be made under section 24".

(d) Section 36(a)(6) of the Arms Export Control Act is amended by striking out the word "cash" and the phrase "and credits expected to be extended".

PROVISIONS ON USES OF FUNDS

SEC. 511. (a) Section 636(a)(14) of the Foreign Assistance Act of 1961 is amended by striking out "the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.)" and inserting in lieu thereof "the Foreign Service Act of 1980 (22 U.S.C. 3901 et seq.)".

(b) Section 636(c) of such Act is amended by striking out "not to exceed \$3,000,000 of the".

(c) Section 636(d) of such Act is amended by striking out "\$2,500,000" and inserting in lieu thereof "\$5,000,000".

(d) Section 636 of such Act is amended by inserting the following at the end thereof:

"(j)(1) Notwithstanding any other provision of law, no earmark shall be required to be applied to any funds appropriated, or authority made available, to carry out the purposes of this Act or the Arms Export Control Act by any law making continuing appropriations, in excess of the amount which is the lesser of:

"(A) the amount of the earmark, or

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prevailing United States refugee policies, to assist in halting significant illegal emigration from Haiti to the United States.

REPEAL OF PROVISIONS

SEC. 515. The Foreign Assistance Act of 1961 is amended as follows:

(1) Section 106(b)(1) is amended by striking out "(A)" and by striking out subparagraph (B).

(2) Section 110 is amended by striking out "(a)" and by striking out subsection (b).

(3) Section 113(c) is repealed.

(4) Section 496 is repealed.

(5) Section 497 is repealed.

TITLE VI - AMENDMENTS TO OTHER ACTS

PRESERVATION OF STATUS AND BENEFITS

SEC. 601. Section 2106(e)(2) of the Foreign Service Act of 1980 is amended by inserting "or section 625(e) of the Foreign Assistance Act of 1961" immediately after the "Foreign Service Act of 1946".

PARTICIPANT TRAINEE GRANTS

SEC. 602. Section 1441(c) of the Internal Revenue Code of 1954 is amended by striking out subsection (6) and inserting in lieu thereof the following:

"(6) SCHOLARSHIPS, PER DIEM, ETC. OF CERTAIN ALIENS - No deduction or withholding under subsection (a) shall be required in the case of amounts of scholarships or fellowship grants, travel and related expenses, including per diem for subsistence paid by the

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United States Government (directly or by contract) to any non-resident alien individual who is engaged in any program of training in the United States under the Foreign Assistance Act of 1961, as amended."

INCREASING FOOD DONATIONS

SEC. 603. Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended:

- (1) by striking out the last two sentences;
- (2) by inserting "(a)" immediately after "SEC. 416."; and
- (3) by adding at the end thereof the following new

subsection:

"(b) Agricultural commodities (as defined in section 402 of the Agricultural Trade Development and Assistance Act of 1954) acquired by the Commodity Credit Corporation through price support operations, which the Secretary determines meet the criteria specified in subsection (a), may be furnished by the Secretary for carrying out the provisions of Title II of the Agricultural Trade Development and Assistance Act of 1954. The provisions of section 203 of that Act shall apply to commodities furnished under this subsection. The cost of commodities furnished under this subsection and expenses incurred under section 203 of that Act in connection therewith shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures under that Act for purposes of provisions relating to classification of expenditures."

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EXPRESS AUTHORITY FOR TITLE II DIRECT DISTRIBUTION,
SALE AND BARTER

SEC. 604. Section 202(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended by inserting after the first sentence the following: "Such commodities may be furnished for direct distribution, sale, barter, or other appropriate disposition in carrying out the purposes set forth in section 201."

TITLE VII - FISCAL YEAR 1984 SUPPLEMENTAL AUTHORIZATION
INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 701. In addition to amounts otherwise made available for the fiscal year 1984 to carry out chapter 3 of part I of the Foreign Assistance Act of 1961, there is authorized to be appropriated for the fiscal year 1984 \$_____ to carry out such chapter, for payment to the International Atomic Energy Agency.

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

SEC. 702. The value of additions to stockpiles in foreign countries shall not exceed \$125,000,000 for the fiscal year 1984 for the purposes of section 514(b)(1) of the Foreign Assistance Act of 1961.

FOREIGN MILITARY SALES FINANCING

SEC. 703. Section 31(b)(5) of the Arms Export Control Act is amended by inserting "Korea," immediately after "Greece,".

HOUSING GUARANTY BORROWING AUTHORITY

SEC. 704. Section 223(e) of the Foreign Assistance Act of 1961 is amended --

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(1) by inserting "(1)" immediately after "(e)", and

(2) by adding at the end thereof the following new paragraph:

"(2)(A) In order to meet obligations incurred for the payment of claims pursuant to loan guaranties described in subsection (d), the Administrator of the agency primarily responsible for administering part I may borrow from time to time from the Treasury, and the Treasury shall lend, funds in order to meet such obligations; provided that:

(i) the aggregate amount borrowed hereunder outstanding at any one time shall not exceed \$40,000,000; and

(ii) the Administrator may exercise the authority to borrow under this paragraph only to such extent or in such amounts as are provided in appropriations acts.

"(B) Any such borrowing shall bear interest at a rate determined by the Secretary of the Treasury, taking into account the current average market yield on outstanding marketable obligations of the United States of comparable maturities. The Secretary of the Treasury shall make loans under this paragraph and for such purpose may borrow on the credit of the United States in accordance with subchapter I of chapter 31 of Title 31 of the United States Code."

TITLE VIII

AUTHORIZATION FOR THE FISCAL YEAR 1986

SEC. 801. There are authorized to be appropriated for the fiscal year 1986 such sums as may be necessary to carry out programs

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and activities for which appropriations for the fiscal year 1985 are authorized by this Act.

EFFECTIVE DATE

SEC. 802. (a) Sections 102 and 108 of this Act shall take effect upon enactment or October 1, 1984, whichever date is later.

(b) Title VII of this Act shall take effect upon enactment.

(c) All other sections of this Act shall take effect on October 1, 1984.

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